

Senate Study Bill 3045 - Introduced

SENATE/HOUSE FILE _____
BY (PROPOSED DEPARTMENT OF
REVENUE BILL)

A BILL FOR

- 1 An Act relating to the administration of the streamlined sales
- 2 tax agreement by the department of revenue.
- 3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 423.1, subsection 51, paragraph a,
2 subparagraph (2), Code Supplement 2011, is amended to read as
3 follows:

4 (2) The cost of materials used, labor or service cost,
5 interest, losses, all costs of transportation to the seller,
6 all taxes imposed on the seller except as provided in paragraph
7 "b", subparagraphs (5) and (6), and any other expenses of the
8 seller.

9 Sec. 2. Section 423.1, subsection 51, paragraph b, Code
10 Supplement 2011, is amended by adding the following new
11 subparagraphs:

12 NEW SUBPARAGRAPH. (5) Any state or local tax on a retail
13 sale that is imposed on the seller if the statute, rule, or
14 local ordinance imposing the tax provides that the seller may,
15 but is not required to, collect such tax from the consumer, and
16 if the tax is separately stated on the invoice, bill of sale,
17 or similar document given to the purchaser.

18 NEW SUBPARAGRAPH. (6) Any tribal tax on a retail sale that
19 is imposed on the seller if the tribal law imposing the tax
20 provides that the seller may but is not required to collect
21 such tax from the consumer, and if the tax is separately stated
22 on the invoice, bill of sale, or similar document given to the
23 purchaser.

24 Sec. 3. Section 423.1, subsection 51, Code Supplement 2011,
25 is amended by adding the following new paragraph:

26 NEW PARAGRAPH. *od.* "*Sales price*" shall include
27 consideration received by the seller from third parties if all
28 of the following apply:

29 (1) The seller actually receives consideration from a party
30 other than the purchaser and the consideration is directly
31 related to a price reduction or discount on the sale.

32 (2) The seller has an obligation to pass the price reduction
33 or discount through to the purchaser.

34 (3) The amount of the consideration attributable to the sale
35 is fixed and determinable by the seller at the time of the sale

1 of the item to the purchaser.

2 (4) One of the following criteria is met:

3 (a) The purchaser presents a coupon, certificate, or other
4 documentation to the seller to claim a price reduction or
5 discount where the coupon, certificate, or documentation is
6 authorized, distributed, or granted by a third party with the
7 understanding that the third party will reimburse any seller to
8 whom the coupon, certificate, or documentation is presented.

9 (b) The purchaser is identified to the seller as a member
10 of a group or organization entitled to a price reduction or
11 discount. For purposes of this subparagraph division, a card
12 identifying the holder as a preferred customer, which card is
13 available to any patron, does not constitute membership in such
14 a group or organization.

15 (c) The price reduction or discount is identified as
16 a third-party price reduction or discount on the invoice
17 received by the purchaser or on a coupon, certificate, or other
18 documentation presented by the purchaser.

19 Sec. 4. Section 423.31, Code 2011, is amended by adding the
20 following new subsection:

21 NEW SUBSECTION. 8. Persons required to file a return under
22 this section may instead file a simplified electronic return
23 pursuant to section 423.49.

24 Sec. 5. Section 423.49, subsection 4, paragraph d, Code
25 2011, is amended to read as follows:

26 d. A model 4 seller, or a seller not registered under the
27 agreement who is otherwise registered in the state, may elect
28 to file a simplified return. Model 4 sellers, or sellers not
29 registered under the agreement who are otherwise registered in
30 the state, electing to do so shall file the first part of the
31 return each month.

32 Sec. 6. Section 423.49, subsection 4, paragraph e,
33 unnumbered paragraph 1, Code 2011, is amended to read as
34 follows:

35 A model 4 seller required to register in the state, or a

1 seller not registered under the agreement who is otherwise
2 registered in the state, may submit the information collected
3 in the second part of the return in one of the following ways:

4 Sec. 7. Section 423.52, subsection 1, Code 2011, is amended
5 to read as follows:

6 1. Sellers and certified service providers using
7 databases derived from zip codes or state or vendor provided
8 address-based databases are relieved from liability to this
9 state or its local taxing jurisdictions for having charged and
10 collected the incorrect amount of sales or use tax resulting
11 from the seller or certified service provider relying on
12 erroneous data provided by this state on tax rates, boundaries,
13 or taxing jurisdiction assignments. If this state provides an
14 address-based system for assigning taxing jurisdictions, the
15 director is not required to provide liability relief for errors
16 resulting from reliance on ~~the information~~ a database derived
17 from zip codes and provided by this state if the director has
18 given adequate notice, as determined by the governing board, to
19 affected parties of the decision to end this relief.

20 EXPLANATION

21 This bill relates to the administration of the sales and use
22 taxes under the streamlined sales tax agreement.

23 Iowa is a member of the streamlined sales and use tax
24 agreement, which is an effort to administer state sales and
25 use taxes in all participating states according to the same
26 simplified system. Under the agreement, Iowa must periodically
27 make changes in the administration of the sales and use taxes
28 in order to remain in compliance.

29 The bill amends the definition of "sales price" to exclude
30 any state or local tax on a retail sale that is imposed on the
31 seller if by law the seller may but is not required to collect
32 the tax from the consumer, and if the tax is separately stated
33 on the invoice, bill of sale, or similar document given to the
34 purchaser.

35 The bill further amends the definition of "sales price" to

1 exclude any tribal tax on a retail sale that is imposed on the
2 seller if by law the seller may but is not required to collect
3 such tax from the consumer, and if the tax is separately stated
4 on the invoice, bill of sale, or similar document given to the
5 purchaser.

6 The bill also amends the definition of "sales price" to
7 include consideration received from third parties if four
8 criteria are met. First, the seller must actually receive
9 consideration from a party other than the purchaser and the
10 consideration must be directly related to a price reduction
11 or discount on the sale. Second, the seller must have an
12 obligation to pass the price reduction or discount through
13 to the purchaser. Third, the amount of the consideration
14 attributable to the sale must be fixed and determinable by the
15 seller at the time of the sale. Fourth, one of the following
16 must apply: the purchaser presents to the seller a coupon,
17 certificate, or other documentation acquired from a third party
18 to claim a discount; the purchaser is identified to the seller
19 as a member of a group or organization entitled to claim a
20 price reduction or discount; or the price reduction or discount
21 is identified as a third-party price reduction or discount
22 on the invoice received by the purchaser or on a coupon,
23 certificate, or other documentation presented by the purchaser.

24 The bill allows sellers that have not registered under the
25 streamlined sales and use tax agreement but that are otherwise
26 registered in the state and required to file sales tax returns
27 to elect to file using the simplified electronic return.

28 The bill amends Code section 423.52 relating to liability
29 relief for sellers and certified service providers. Under
30 current law, relief from liability is granted to sellers and
31 certified service providers who charge incorrect sales and
32 use tax after relying on erroneous tax rate, boundary, or
33 jurisdiction data provided by the state in databases derived
34 from zip codes or addresses. However, the state may deny
35 liability relief to a seller or certified service provider for

1 reliance on either database as long as the state maintains an
2 address-based system for assigning taxing jurisdictions, and
3 provides adequate notice to the affected parties. The bill
4 provides that if the state maintains an address-based system
5 for assigning taxing jurisdictions, it may only deny liability
6 relief to sellers and certified service providers for errors
7 resulting from the seller's or certified service provider's
8 reliance on a database derived from zip codes.